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## BENTON RURAL ELECTRIC ASSOCIATION

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A Touchstone Energy<sup>®</sup> Cooperative 

May 28, 2008

Mr. Paul Norman  
Vice President of Business Affairs  
Bonneville Power Administration  
PO Box 3621  
Portland, OR 97208

Dear Mr. Norman:

Subject: Benton REA Board of Trustees Determination Regarding Tiered Rate Methodology, BPA 20 Year Long Term Contracts and Other Matters.

For the past two years, the Benton REA Board of Trustees ("Board") has directed its staff to actively participate in the above mentioned activities and to represent the interests of Benton REA and its membership therein. While the staff has made extraordinary efforts to date, it has been obvious for some time that the accelerated schedule upon which BPA has embarked to address the many issues is unrealistic. The arbitrary August deadline of offering new power sales contracts, new Residential Exchange contracts, finalizing a Tiered Rates Methodology and Average System Cost Methodology, while at the same time conducting a rate case to comply with the Ninth Circuit Court of Appeals remand decision, and finally setting new rates for FY2009, has made it impossible for the staff of preference utility customers to meaningfully participate in these processes. We have withheld comment on this concern to date in the hopes that the volume and pace of materials would abate, but it has not. In fact, recently the volume and pace has accelerated.

In the last 90 days, our staff has been asked to read, analyze and assess the long-term implication of the following:

- Tiered Rate Methodology Initial Proposal (160 page document)
- Tiered Rate Methodology Initial Proposal Testimony (170 page document)
- Tiered Rate Methodology Initial Testimony (300 pages)
- Draft Load Following Power Sales Contract (100 pages)
- Draft Residential Purchase and Sale Agreement
- Comments on Direct Service Industry continuing benefits
- BPA Integrated Program Review


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All of the issues in the foregoing processes are extremely complex, and decisions to be made in these processes will define our business relationship with BPA for the next 20 years. Since wholesale power costs makeup at least half of our total operating expenses, these matters are of surpassing importance to the Board and customers of Benton REA.

The volume, pace and complexity of the issues being taken up by BPA in simultaneous and overlapping processes with unreasonably compressed schedules makes it virtually impossible for utility staff to meaningfully participate in these processes that will decide matters crucial to the future of Benton REA. After due consideration, the Board has determined that the current schedule set by BPA for these multiple processes is unrealistic, and has resulted in processes in which only BPA can fully participate.

Holding multiple meetings on a single day, and conducting numerous processes at the same time, does not satisfy BPA's obligation to provide public involvement, nor does it provide its utility customers with a meaningful opportunity to participate in these processes. BPA must re-consider the current schedules for implementation of the TRM and the associated long-term BPA power sales contract to allow the staff of its preference utility customers the chance to meaningfully participate in these processes, and to permit the elected bodies of these utilities to make informed judgments on the long-term rate and contract matters that will be presented to them.

Sincerely yours,

A handwritten signature in cursive script that reads "Virgil Boyle". The signature is written in black ink and is positioned below the typed name.

Virgil Boyle  
Board President